

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY EB/ORF/FSE:MVCREEKMORE:CH

APPROVED BY THE SECRETARY

EB - MR. ENDERS

NEA - MR. SOBER

E - MR. SORENSON

S/S :CABORG

----- 030731

O 092107Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

C O N F I D E N T I A L STATE 214124

EXDIS

E.O. 11652: XGDS - 3

TAGS: ENRG

SUBJECT: OPEC OIL PRICE DECISION

1. YOU ARE REQUESTED TO DELIVER THE FOLLOWING LETTER FROM
PRESIDENT FORD TO THE SHAH AS SOON AS POSSIBLE.

QUOTE: YOUR IMPERIAL MAJESTY: I WISH TO PRESENT FOR YOUR
CONSIDERATION MY THOUGHTS ON AN ISSUE OF GREAT IMPORTANCE
TO RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES,
AND TO THE ECONOMIC WELL-BEING OF OUR TWO COUNTRIES AND ALL
THE NATIONS OF THE WORLD.

SINCE THE CONSUMER/PRODUCER PREPARATORY MEETING IN PARIS
LAST APRIL, THE UNITED STATES HAS MADE A MAJOR EFFORT TO
RE-ESTABLISH A BASIS FOR DIALOGUE AND COOPERATION BETWEEN
THE NATIONS OF THE DEVELOPING WORLD, INCLUDING THOSE WHICH
EXPORT OIL, AND THE INDUSTRIALIZED NATIONS. WE HAVE UNDER-
TAKEN A FUNDAMENTAL REVIEW OF OUR OVERALL POLICY TOWARD
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THE DEVELOPING COUNTRIES. THIS REVIEW HAS RESULTED IN A
NEW APPROACH TO THE PRODUCER/CONSUMER DIALOGUE THAT RE-
SPONDS MORE FULLY TO THESE NATION'S CONCERNS, PARTICULARLY
THOSE RAISED BY YOUR GOVERNMENT'S REPRESENTATIVES AND

OTHER DELEGATIONS DURING THE PARIS MEETING. SINCE
SECRETARY KISSINGER ARTICULATED THE GENERAL OUTLINES OF

THIS APPROACH IN SPEECHES IN KANSAS CITY AND PARIS IN MAY,
WE HAVE MADE MUCH PROGRESS IN ESTABLISHING THE CONSTRUC-
TIVE UNDERSTANDINGS NECESSARY TO PROMOTE FURTHER MUTUALLY
BENEFICIAL COOPERATION NOT ONLY BETWEEN OUR TWO NATIONS
BUT AMONG THE BROADER WORLD COMMUNITY. FURTHERMORE, AS
YOU KNOW, WE HAVE MADE A NUMBER OF IMPORTANT SPECIFIC
PROPOSALS FOR COOPERATION AT THE CURRENT SPECIAL SESSION
OF THE UNITED NATIONS GENERAL ASSEMBLY.

THE ECONOMIC DIALOGUE WILL BE A CENTERPIECE IN THE NEW
EVOLVING RELATIONSHIP BETWEEN THE INDUSTRIAL AND
DEVELOPING NATIONS. WE ARE PLEASED THAT OUR EFFORTS,
AND THOSE OF YOUR GOVERNMENT AND OTHERS, HAVE SUCCEEDED
IN ESTABLISHING A CONSENSUS FOR RESUMING THESE DISCUS-
SIONS. OVER THE PAST MONTHS, WE HAVE CLEARLY DEMON-
STRATED OUR COMMITMENT TO A CONSTRUCTIVE DIALOGUE AND
OUR BELIEF THAT ITS SUCCESS REQUIRES EACH PARTICIPANT TO
RECOGNIZE AND TAKE FULL ACCOUNT OF THE VITAL INTERESTS
OF THE OTHERS.

AS YOU CAN APPRECIATE, THE SUPPORT OF THE AMERICAN PUBLIC
FOR THE NEW US POSITION MUST BE BASED ON AN AWARENESS OF
THE CONCERNS OF THE OIL PRODUCERS AND OTHER DEVELOPING
COUNTRIES AND THE NEED TO SEEK COOPERATIVE SOLUTIONS TO
OUR COMMON ECONOMIC PROBLEMS. I AM CONCERNED, HOWEVER,
THAT THIS NECESSARY SUPPORT WILL BE JEOPARDIZED SHOULD
THE MEMBER COUNTRIES OF OPEC INCREASE THE PRICE OF OIL
THIS FALL.

I AM ALSO
CONCERNED THAT SUCH ACTION COULD RAISE SERIOUS QUESTIONS
AMONG THE AMERICAN PUBLIC REGARDING THE CLOSE COOPERATION
WE SEEK AND ARE ACTIVELY DEVELOPING WITH YOUR COUNTRY IN
SEVERAL FIELDS OF OUR BILATERAL RELATIONSHIP. I VALUE
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THIS RELATIONSHIP GREATLY AND SINCERELY WISH TO CONTINUE
TO BROADEN AND DEEPEN IT.

ANOTHER OIL PRICE INCREASE BY OPEC WOULD ALSO HAVE A
SIGNIFICANT NEGATIVE IMPACT ON THE ECONOMIES OF ALL THE
OIL IMPORTING NATIONS -- BOTH DEVELOPED AND DEVELOPING --
AT THE VERY TIME THAT SIGNS OF PROGRESS IN THE FIGHT
AGAINST RECESSION AND INFLATION ARE APPEARING. SUCH A
PRICE INCREASE WOULD IMPOSE SHOCKS ON THE U.S. ECONOMY,
ON THE MORE VULNERABLE ECONOMIES OF EUROPE AND JAPAN,
AND FINALLY ON THE HIGHLY FRAGILE ECONOMIES OF THE DEVEL-
OPING WORLD. IT WOULD AT THE VERY LEAST REDUCE THE

PROGRESS TOWARD ECONOMIC RECOVERY AND COULD, IN FACT,
PLUNGE A NUMBER OF COUNTRIES INTO EXTREMELY SERIOUS
DIFFICULTIES.

IT IS BECAUSE I AM AWARE, YOUR MAJESTY, OF YOUR SENSI-
TIVITY TO THE INTERDEPENDENCE OF THE WORLD ECONOMY AND
YOUR COMMITMENT TO A SUCCESSFUL ECONOMIC DIALOGUE THAT
I AM ASKING YOU TO WEIGH HEAVILY THE ADVERSE EFFECTS --
BOTH PSYCHOLOGICAL AND REAL -- WHICH A PRICE INCREASE
COULD HAVE. IT IS MY HOPE THAT YOU WILL USE YOUR CON-
SIDERABLE INFLUENCE AMONG THE PRODUCING COUNTRIES TO
URGE RESTRAINT ON OIL PRICES AND TO ARGUE THAT OUR LONG-
TERM MUTUAL INTEREST IN A MORE RATIONAL GLOBAL ECONOMIC
STRUCTURE SHOULD PREVAIL OVER SHORT-TERM ECONOMIC
ADVANTAGE. SINCERELY, GERALD R. FORD. HIS IMPERIAL
MAJESTY MOHAMMAD REZA PAHLAVI, SHAHANSHAH OF IRAN,
TEHRAN. END QUOTE.

2. REPORT WHEN DELIVERY EFFECTED. KISSINGER

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<< END OF DOCUMENT >>

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